

“Natural” Disasters and regional governance: Evidence from European NUTS-3 Regions.

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“Natural” disasters" such as earthquakes, storms, and floods have various negative consequences for the affected areas, including significant economic impacts. Using a large sample of European NUTS-3 regions over the period 2003 - 2017, this paper examines the impact of the occurrence of disaster events on regional economic growth and the influence of the quality of regional governance on post-disaster economic recovery. We match disaster event data from the EM-DAT database (CRED 2021) with economic and financial data from EUROSTAT. We find that the occurrence of a “natural” disaster leads to an annual decline in the regional economic growth of about 0.25 percentage points and that the magnitude of this effect increases with the size of the disaster. However, the negative impact on the local economy and the timing of recovery can be mitigated by the quality of regional institutions.